

Staff Summary Report

Council Meeting Date: 12-13-2007

Agenda Item Number: 14

SUBJECT: Request approval to increase the contract amount with Veolia Transit Services, Inc. for fixed route bus and approved neighborhood circulator service.

DOCUMENT NAME: 20071213fslg06 **PURCHASES (1004-01)**

SUPPORTING DOCS: No

COMMENTS: (T07-028-01) Increase in the amount of \$5,894,383 from \$20,085,393 (FY06/07) to \$25,979,776 for FY07/08.

PREPARED BY: Lisa Goodman, CPPB, Procurement Officer, 480-350-8533

REVIEWED BY: Michael Greene, CPM, Central Services Administrator, 480-350-8516

**LEGAL REVIEW AS
TO CONTRACT FORM
ONLY:** N/A

FISCAL NOTE: Sufficient funds have been appropriated in cost center 3914 and account numbers 6620, 6619, 6624, and 6626 to cover the cost of the contract less fare revenue collected.

RECOMMENDATION: Approve the increase in the contract value.

ADDITIONAL INFO: Council originally approved the award of this contract on August 17, 2006 in an amount not to exceed \$20,085,393 for fiscal year 2007. During FY 2006/2007, Veolia Transit Services provided approximately 4.6 million miles of transit service including local transit service, express service, and downtown and neighborhood circulator service. For the current fiscal year, miles of service is estimated to be 5.5 million miles. The vast majority of the increase in service is associated with the new and expanded neighborhood circulator bus routes approved by the City Council in June 2007.

In addition, Veolia Transit Services is requesting an increase in the rate per mile of service it charges the city from \$4.36 to \$4.72. The major causes of the increase include:

- Additional miles of services associated with the neighborhood circulator expansion.
- Additional driver training and start-up costs associated with implementation of the new Orbit neighborhood circulator routes.
- Driver wage progression associated with the existing collective bargaining agreement.
- At city staff's request, Veolia is increasing the number of mechanics to ensure appropriate maintenance of a fleet that is nearing the end of its useful life and to maintain the additional neighborhood circulator buses.
- Mechanic salary increases to remain competitive in a tight labor market for skilled heavy maintenance personnel.
- Increase in the cost of health insurance.
- Increases in the amount and scope of preventive and corrective maintenance (parts & supplies) due to the addition of neighborhood circulator buses and the fixed route fleet's advancing age.
- At city staff's request, Veolia is sub-contracting for security services at the East Valley Bus Operations and Maintenance Facility to monitor and control access into the bus operations and maintenance yard area.